



National
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CANADIAN
ARMED FORCES

Fighting Against Forced Labour and Child Labour in Supply Chains Act

2024-2025 Annual Report to Public Safety Canada

Canada



Table of Contents

General	3
Summary of Actions Taken in Fiscal Year 2024-2025	3
Structure, Activities, and Supply Chains	4
Policies and Due Diligence Processes.....	4
Risk Assessment.....	5
Remediation of Forced Labour and Child Labour	5
Remediation of Loss of Income.....	5
Training Initiatives	6
Effectiveness Assessment.....	6

General

This report outlines the Department of National Defence's (DND) response to the reporting requirements set out in subsections 6(1) and 6(2) of the [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#) (Supply Chains Act). The Supply Chains Act requires government institutions to report annually on the measures taken during the previous fiscal year to prevent or reduce the risk of forced labour and child labour at any step of the production of goods produced, purchased, or distributed by the government institution. For clarity, purchases executed centrally by a common provider of acquisition services on behalf of a government institution are scoped into this report.

Summary of Actions Taken in Fiscal Year 2024-2025

This report covers the period from 1 April 2024 to 31 March 2025 and expands on the actions documented in the inaugural report published by DND at the conclusion of fiscal year 2023-2024.

Use of standard contract clauses and methods of supply

DND continues to integrate Public Service and Procurement Canada's (PSPC) standard contract clause inventory in its purchasing activities. This includes the Code of Conduct for Procurement and anti-forced labour provisions.

In addition, to prevent and reduce the risk of forced labour or child labour in procurements, DND continues to use PSPC methods of supply, including standing offers and supply arrangements, for commonly used and frequently purchased commodities. When using these tools, DND is assured that anti-forced labour clauses form part of the terms and conditions of all resulting call-ups and contracts. PSPC also monitors the ethical behaviour of qualified standing offer and supply arrangement holders via the Office of Supplier Integrity and Compliance, which provides additional assurance that forced labour is not being used.

Promulgation of awareness-raising guidance material

PSPC is developing supplier-focused guidance materials aimed at raising awareness and supporting risk mitigation, specifically targeting high-risk sectors. The materials are progressively becoming available on the canada.ca website.

DND has used PSPC's awareness materials to safeguard its supply chains from forced labour and child labour by setting the expectation that suppliers apply appropriate preventative measures. Furthermore, DND has referred its community of procurement professionals to these materials to enhance their awareness.

Supply chain illumination and enhanced due diligence

While PSPC supports government institutions in their daily operations by acting as the central purchasing agent for the Government of Canada, DND undertakes activities under its own contracting authority, independently of the aforementioned PSPC tools. Due to the vastness and volume of procurement activities at DND, it is currently not possible to explore each supply chain sector, industry, country, or region in order to quantify the risks of forced and child labour in these procurements.

Nevertheless, DND continues to undertake internal supply chain illumination and risk analyses to map supply chains across select major capital projects. Supply chain illumination provides supplier information beyond the tier-1 visibility barrier. Since development began in December 2021, risk analysis remains in its pilot phase. Although forced labour and child labour are not specifically identified in the risk assessment plan, the assessment model does identify supply chain geopolitical risks. This allows DND to proactively identify potential

risks that could indirectly contribute to forced or child labour, enabling better-informed decision-making and targeted risk mitigation efforts.

In addition to mapping supply chains, DND conducted a foundational spend analysis to help identify parts of its supply chain that may carry risks, initiated the process of updating its Procurement Administration Manual to enhance the due diligence process, and monitored PSPC's implementation of the Policy on Ethical Procurement and their development of a human rights due diligence framework.

Structure, Activities, and Supply Chains

Governed by the Defence Supply Chain Governance Charter, the defence supply chain involves procuring, managing, delivering, and supporting materiel and the provision of services required to successfully sustain Canadian Armed Forces (CAF) operations and training. Goods are both purchased inside and outside of Canada and are distributed between Canadian Forces depots, bases, wings, and deployed units domestically and overseas. Equipment is routinely distributed back to vendors for repair and overhaul. DND also divests of equipment when it has reached its end of life.

The defence supply chain comprises over 600 million items spanning roughly 1.2 million NATO Stock Numbers globally dispersed across more than 300 supply warehouses, as well as private sector suppliers. Approximately 50% of the annual value of purchases made by DND under its own contracting authorities are made through the use of PSPC tools such as Standing Offers and Supply Arrangements.

Policies and Due Diligence Processes

Code of Conduct for Procurement

Effective April 1, 2023, amendments to the Treasury Board Directive on the Management of Procurement require contracting authorities from all departments listed in Schedules I, I.1 and II of the *Financial Administration Act* (with the exception of the Canada Revenue Agency) and commissions established in accordance with the *Inquiries Act* and designated as a department for the purposes of the *Financial Administration Act* to incorporate the Code of Conduct for Procurement ("the Code") into their procurements.

The Code requires that vendors, providing goods and services to the Government of Canada and their sub-contractors, comply with all applicable laws and regulations. In addition, the Code requires vendors and their sub-contractors to comply with Canada's prohibition on the importation of goods produced, in whole or in part, by forced or compulsory labour. This includes forced or compulsory child labour and applies to all goods, regardless of their country of origin.

Pursuant to the aforementioned amendments, DND has integrated the Code into its procurements, with a view to safeguarding federal procurement supply chains from forced labour and child labour.

Anti-forced labour clauses

Since November 2021, PSPC implemented anti-forced labour clauses in all goods contracts to ensure that it can terminate contracts where there is credible information that the goods have been produced in whole or in part by forced labour or human trafficking. Additionally, since November 20, 2023, all PSPC Standing Offers and Supply Arrangements for goods that have been issued, amended, or refreshed include anti-forced labour clauses. Effective December 16, 2024, PSPC expanded the anti-forced labour requirements to include services contracts and research and development contracts.

As such, all DND contracts for goods and services resulting from the use of these tools include clauses relating to forced labour which set out, among other things, human rights and labour rights requirements. These clauses can be found in the [policy notification 150 – Anti-forced labour requirements](#).

Prohibition on importation

The prohibition on the importation of goods produced wholly or in part by forced labour came into force under the *Customs Tariff* on July 1, 2020. This amendment implemented a commitment in the Labour Chapter of the Canada-United States-Mexico Agreement (CUSMA) and applies to all imports, regardless of origin.

Risk Assessment

In May 2021, a risk analysis of PSPC's supply chains was completed by the Rights Lab, of the University of Nottingham (U.K.), to determine which goods were at the highest risk of exposure to human trafficking, forced labour, and child labour. The analysis, and subsequent report, elaborated key strategies for PSPC to leverage public spending power to raise awareness about forced labour in supply chains.

DND took note of the findings and recommendations of this risk analysis, and is monitoring related follow-on action, including the implementation of the Policy on Ethical Procurement and the development of a human rights due diligence framework.

Based on the methodology for the 2021 risk analysis of PSPC's supply chains, DND conducted a foundational spend analysis using Goods and Services Identification Numbers (GSIN) to help identify parts of its supply chains that may carry risks. The results prompted DND to initiate the process of updating its Procurement Administration Manual to raise awareness of risks, outline responsibilities for risk mitigation, and provide relevant contact information. Recognizing that the reporting classification system changed mid-year with the adoption of United Nations Standard Products and Services Codes (UNSPSC), DND has engaged in GSIN-to-UNSPSC mapping to enable year-over-year spend analyses and continue identifying, assessing, and managing emerging risks to the best of its knowledge.

Going forward, DND commits to monitoring changes to PSPC's risk assessment methods in order to capture data that reflect the most at-risk goods and services. DND also commits to seeking opportunities to better assess risk exposure of its supply chains through illumination activities.

Remediation of Forced Labour and Child Labour

During fiscal year 2024-2025, DND did not identify any instance of forced labour or child labour in its supply chains. If instances of forced labour or child labour arise within its activities or supply chains, DND commits to taking remedial action. Available actions include the ability to render bids non-responsive or to terminate contracts if bidders or suppliers have failed to comply with the Code of Conduct for Procurement.

Remediation of Loss of Income

During fiscal year 2024-2025, DND did not identify any instances where vulnerable families lost income because of measures that were taken to eliminate the use of forced labour or child labour in its supply chains. DND would take appropriate action when necessary to remediate the loss of income to the most vulnerable families that result from its activities.

Training Initiatives

DND is aware that PSPC has developed and is currently piloting a course for procurement officers. We will leverage the course when it has been made available for use across the Government of Canada.

DND is also monitoring PSPC's development of additional awareness-raising guidance materials for suppliers and will continue to leverage available PSPC resources.

Effectiveness Assessment

Recognizing that the Supply Chains Act entered into force in January 2024, DND continues to build capacity to assess our effectiveness in ensuring that forced labour and child labour are not being used in departmental activities and supply chains. Going forward, DND commits to aligning with federal partners to identify potential areas of concern within the Government of Canada's supply chains, such as geographical regions with known prevalence of forced labour and child labour or high-risk sectors and industries. DND will also contribute to the development and incorporation of new methods for understanding these complex risks.